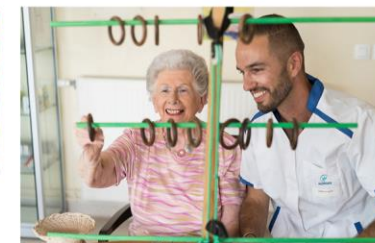




**KORIAN**  
*In caring hands*

CAPITAL MARKETS | DAY  
**2021**





0.

# INTRODUCTION

Mrs Sophie Boissard  
Chief Executive Officer

## OVERCOMING COVID



## CLIENT RECOGNITION



**KORIAN**  
*In caring hands*



## HIGHLY COMMITTED TEAM



## PIONEERING DIGITAL CARE

**"Provide care and support to ageing and fragile people and their loved ones, respecting their dignity and contributing to their quality of life."**

# A COMPELLING INVESTMENT CASE

- 1 **European market leadership** in a sector with secular supporting trends outperforming GDP growth
- 2 **Scaled healthcare and care infrastructure** poised for growth
- 3 **Leveraging existing platform to drive margin improvement** by expanding reach & services
- 4 **Track record of selective, value added M&A** with successful international expansion
- 5 Embedded “PropCo” providing **operational flexibility & value creation**
- 6 Strong & sustainable **growth ambition of c.10%** of which more than half organic

**Underpinned by comprehensive ESG roadmap and specific commitments**

# MARKET TRENDS SUPPORT LONG-TERM SECULAR GROWTH

## DEMOGRAPHICS



Europe's population is rapidly ageing

**65+ to grow by 20% by 2030**  
→ 107m in 2021 to 126m in 2030

## EPIDEMIOLOGICS



Global burden of chronic diseases

**30 million elderly people suffer from 1 or 2 most frequent chronic diseases\***

## TECHNOLOGICAL ACCELERATION



Advances leading to improved quality of life for patients

**Healthcare spending to go from 8.8% to 10.2% of GDP by 2030**

**Healthcare spending in the EU to significantly outgrow GDP for the next decade**

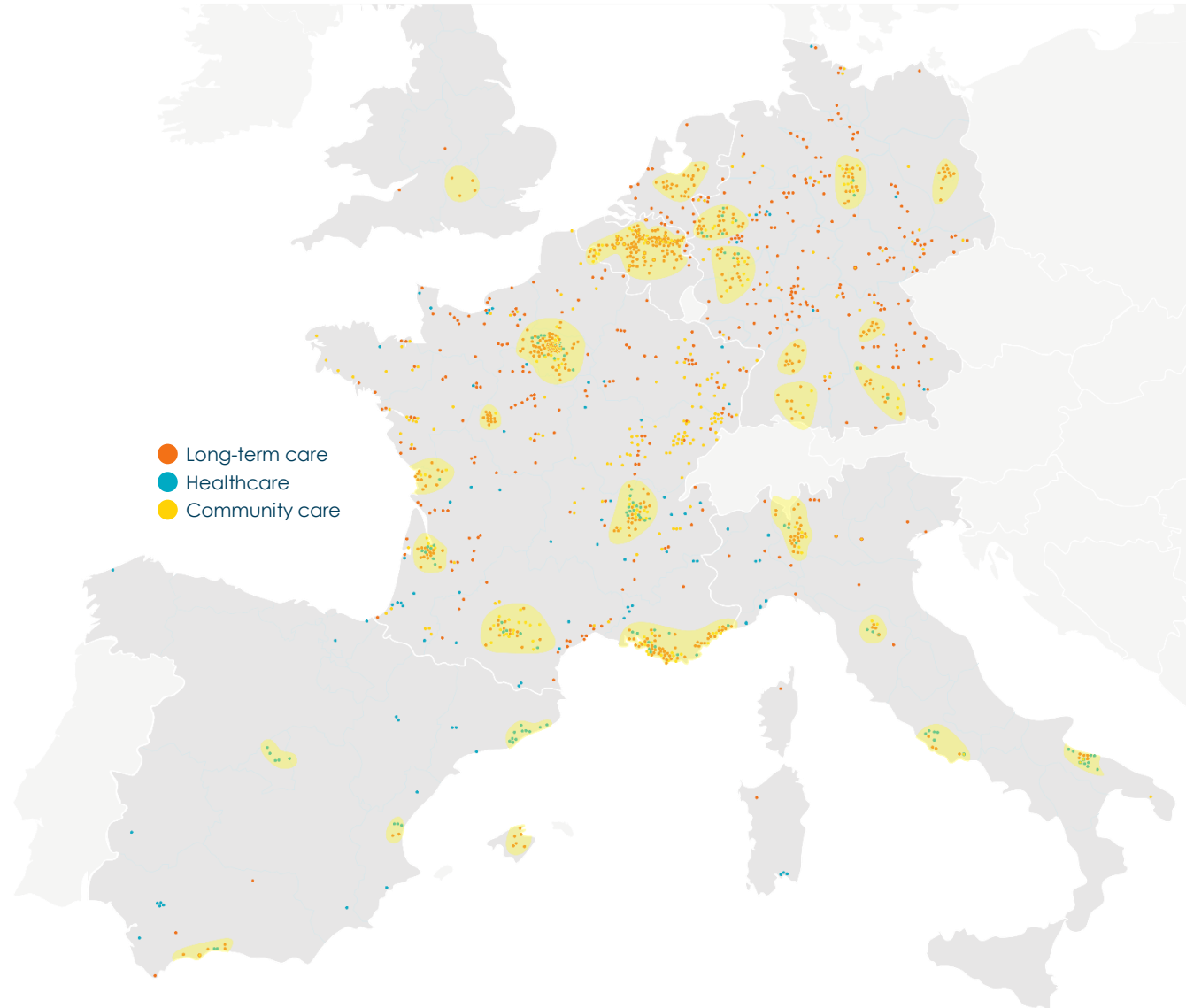
\* Alzheimer, Parkinson, Cancer, Stroke, Nephrology, Diabetes, Cardiology, Rheumatoid arthritis  
Source: OECD: Health data 2020, focus on EU 28

# A VITAL CARE AND HEALTHCARE SERVICE PROVIDER IN KEY MARKETS

**STRONG PRESENCE  
IN MOST DENSELY  
POPULATION AREAS  
70% OF 65+ IN EUROPE**

● Long-term care  
● Healthcare  
● Community care

**675 LOCAL  
COMMUNITIES  
SERVED ACROSS**



  
**FRANCE**  
**#1**

  
**GERMANY**  
**#1**

  
**BELGIUM**  
**#1**

  
**ITALY**  
**#1**

# KORIAN'S GROWTH STRATEGY HAS DELIVERED LEADERSHIP POSITIONS ACROSS HIGH GROWTH VERTICALS & KEY MARKETS

**Long Term Care**

 **721** facilities

**Healthcare**

 **130** facilities

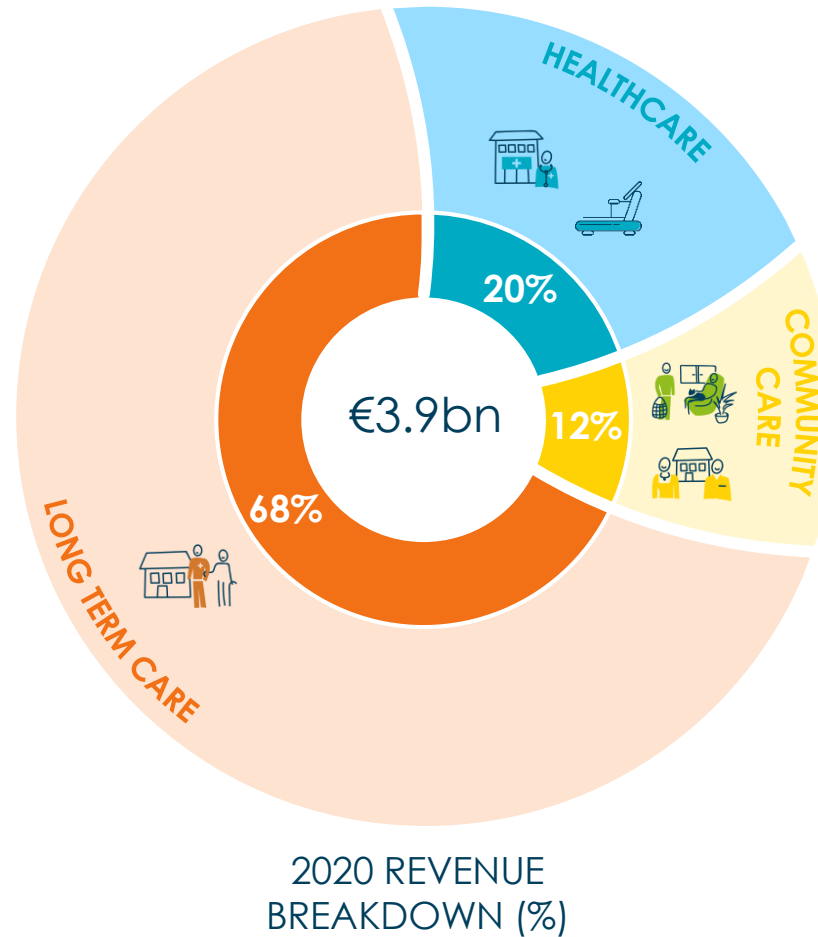
**Community Care**

 Home Care network

 **188** facilities

 **525,000**  
Residents/  
patients

 **> 60,000**  
Outpatient care  
sessions per month

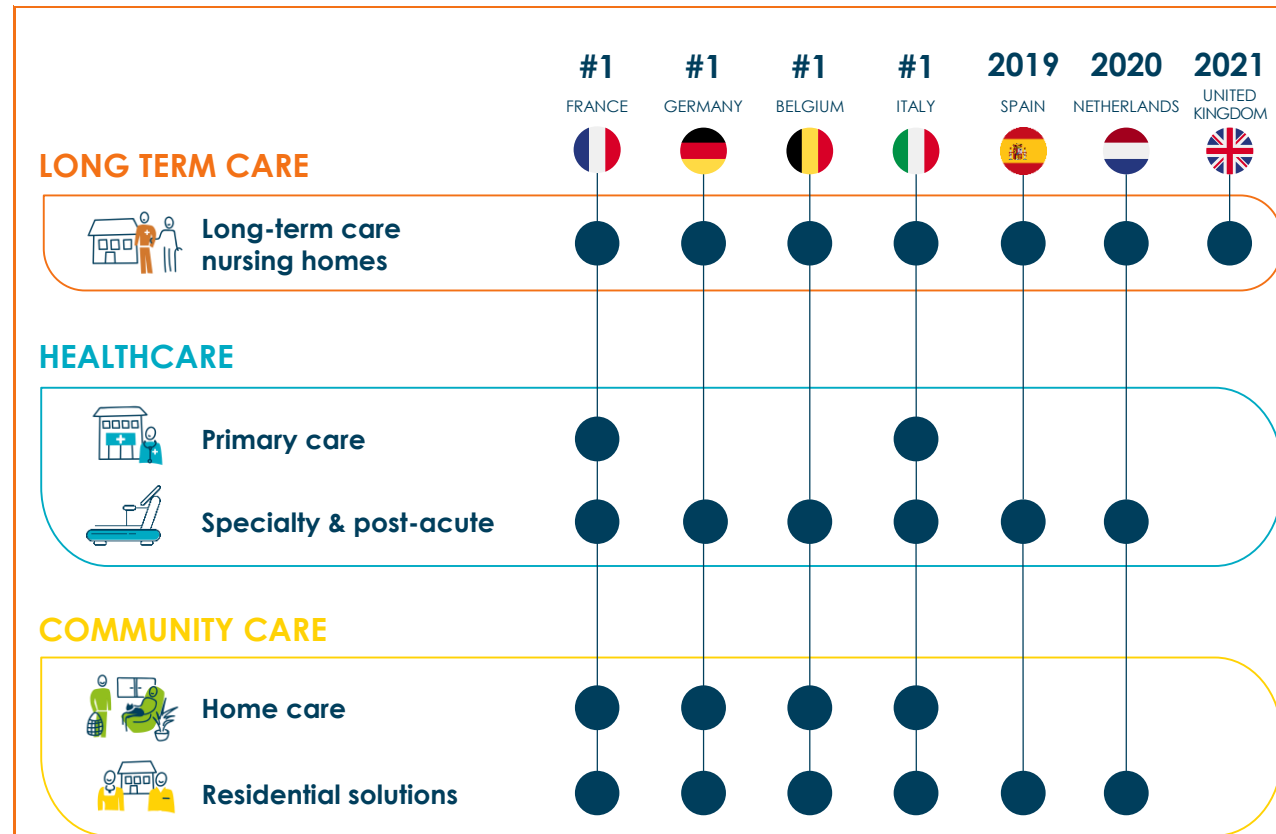


## 3 KEY GROWTH BUSINESS SEGMENTS

Providing a continuum  
of care for an ageing  
and fragile population

# KORIAN'S STRATEGY ADDRESSING MARKET TRENDS AND BUILDING CARE PATHWAYS TO COVER EVOLVING NEEDS

## BEST-IN CLASS FACILITIES THROUGH 3 BUSINESS SEGMENTS



## KORIAN BEST POSITIONED TO BENEFIT FROM THE GROWTH MOMENTUM OF CARE MARKETS

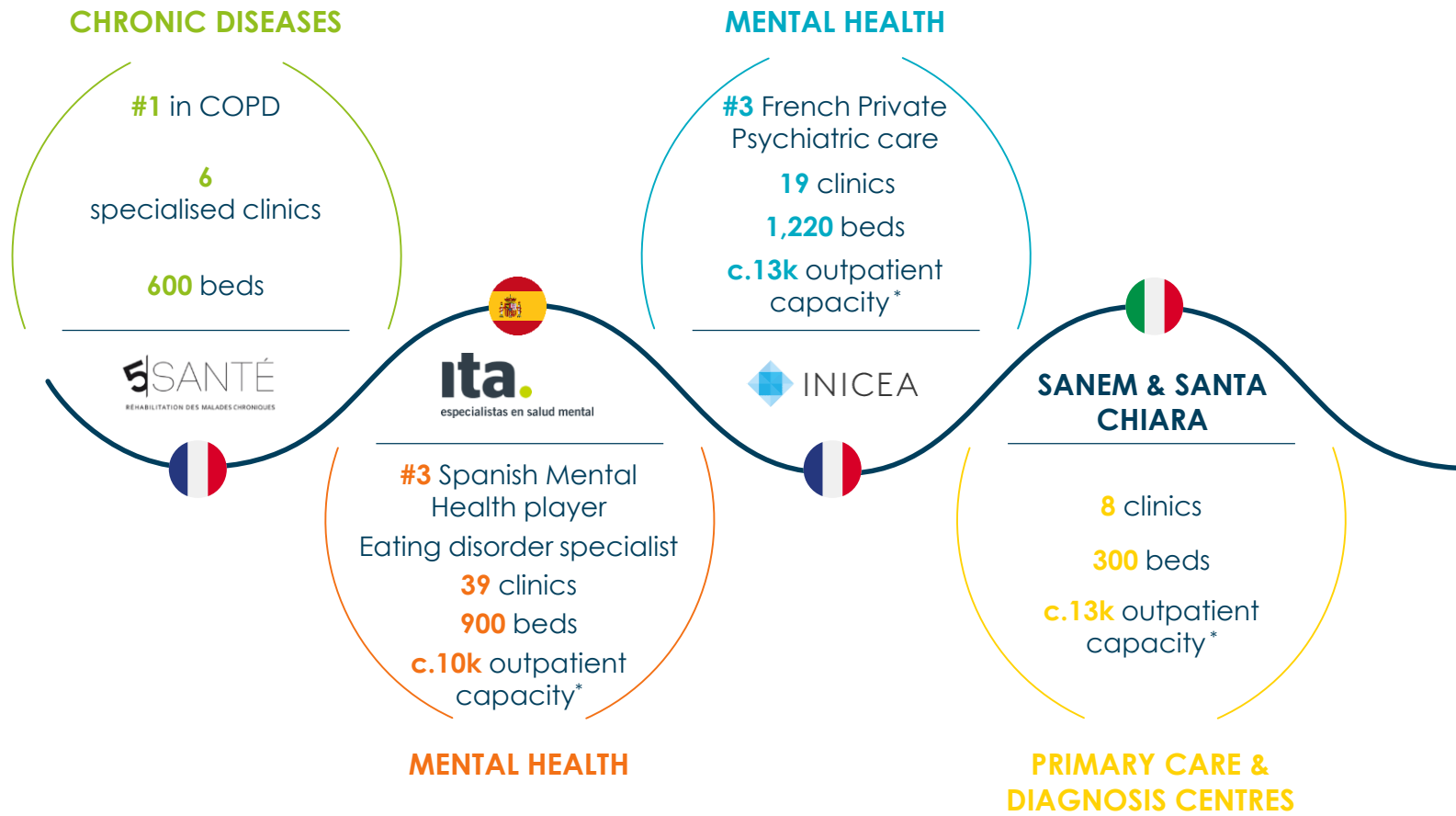
PAN-EUROPEAN LEADER

SCALED MEDICAL PLATFORM FOR FUTURE GROWTH

ADDRESSING EVOLVING CARE NEEDS



# HEALTHCARE PLATFORM PRIMED FOR SCALABLE GROWTH ON THE BACK OF SOME TRANSFORMATIONAL TRANSACTIONS



Healthcare segment to be key growth driver in the next 5 years

25% revenue in 2021, up to 30% by 2024

Leadership positions in key markets, form strong platform for future growth

\* in sessions per month

# CONFIRMATION OF 2022 GUIDANCE GROWTH ACCELERATION AND MARGIN UPLIFT

REVENUE  
> €4.5 Bn

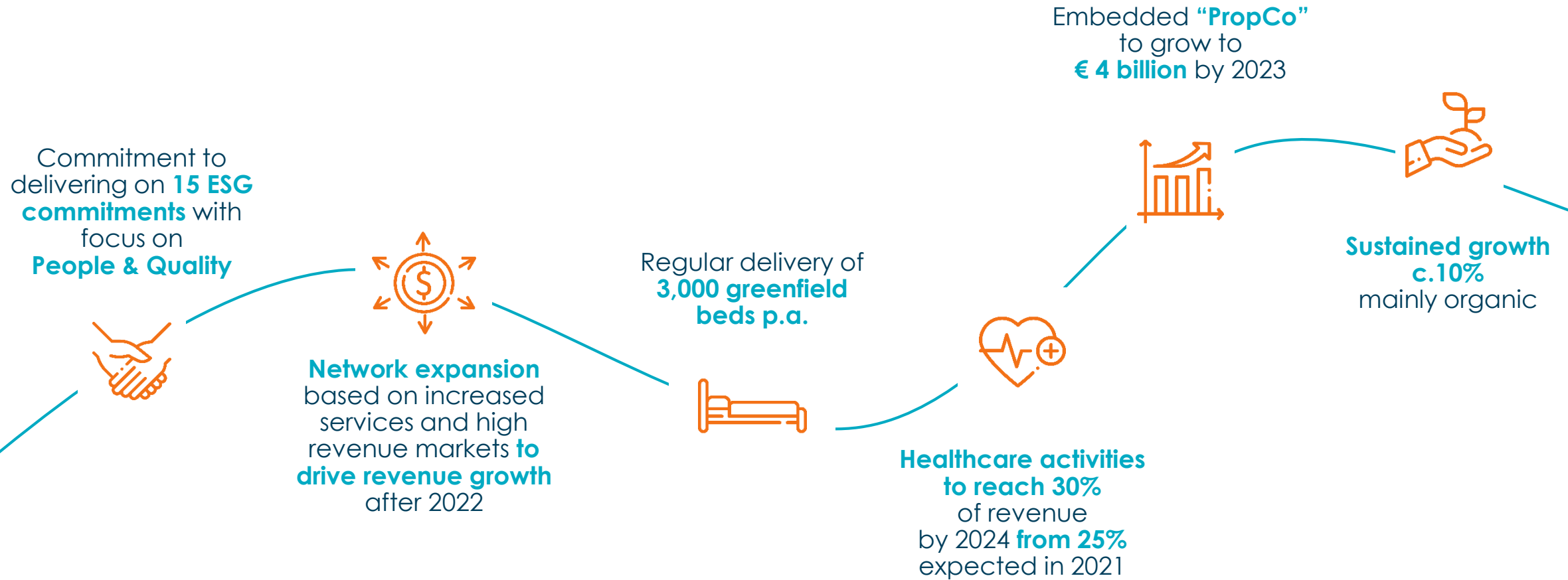
EBITDA margin  
15.5%  
excl. IFRS 16

FCF\*  
c. €300m

**FINANCIAL DISCIPLINE: Operational Leverage  $\leq$  3.5x**

\* Levered FCF post taxes and financial interests and Operating Capex, and before growth capex

# ROADMAP: AMBITIONS BEYOND 2022





1.

## ESG

Sophie BOISSARD  
Rémi BOYER

# PEOPLE AT THE HEART OF OUR ESG STRATEGY

## THE 5 PILLARS OF KORIAN'S ESG ROADMAP

- 1 Provide **CARE EXCELLENCE** whilst ensuring **DIGNITY** and **CHOICE** for all
- 2 Be the **EMPLOYER** of choice
- 3 Contribute to finding **INNOVATIVE SOLUTIONS** for a more **INCLUSIVE SOCIETY**
- 4 Be a **COMMITTED** and **RESPONSIBLE LOCAL PARTNER**
- 5 Reduce our **ENVIRONMENTAL FOOTPRINT**

## FULLY CONSISTENT WITH OUR CORPORATE PROJECT



### EXCELLENCE



BE THE EMPLOYER OF CHOICE



BE THE PROVIDER OF CHOICE



OPERATIONAL EXCELLENCE

### PIONEER SPIRIT



AGILE GROWTH

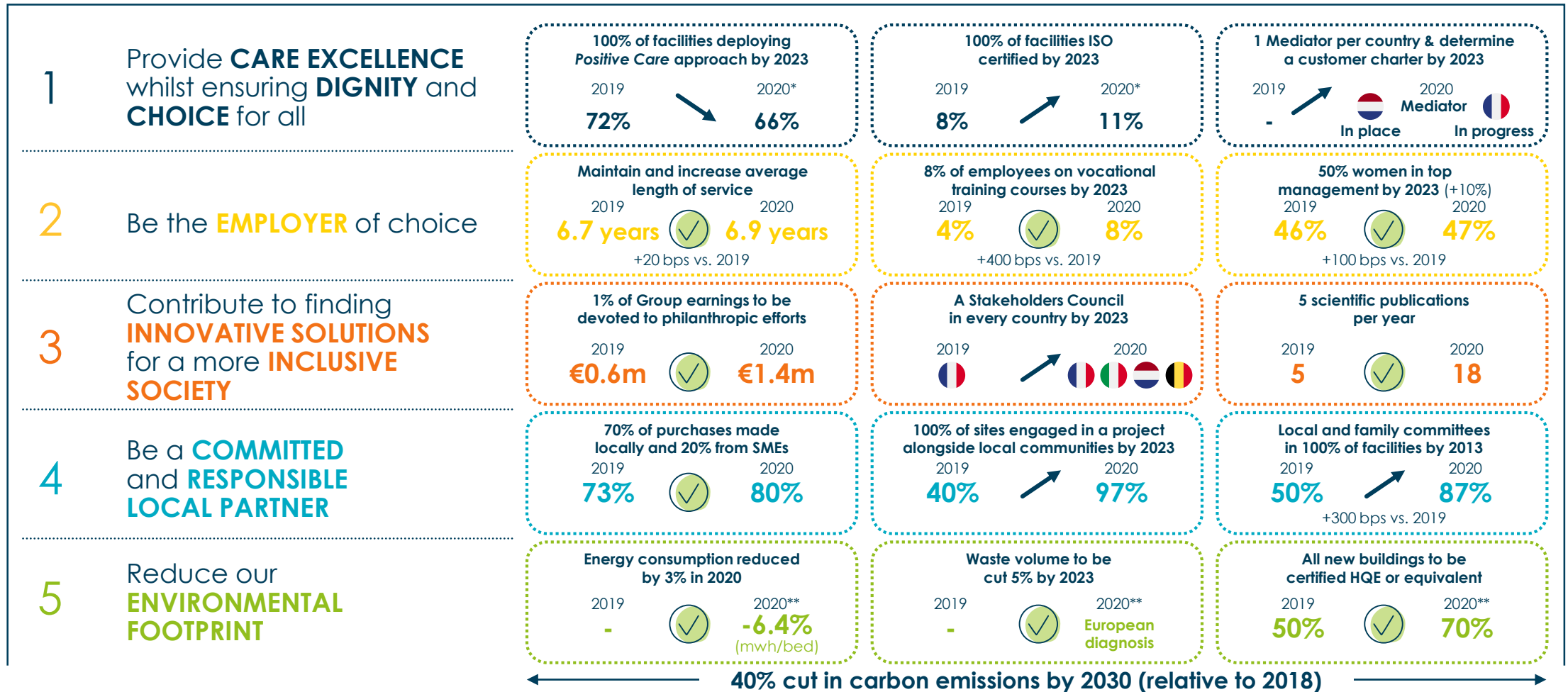


DIGITAL FIT



INNOVATIVE BUILDING DESIGN

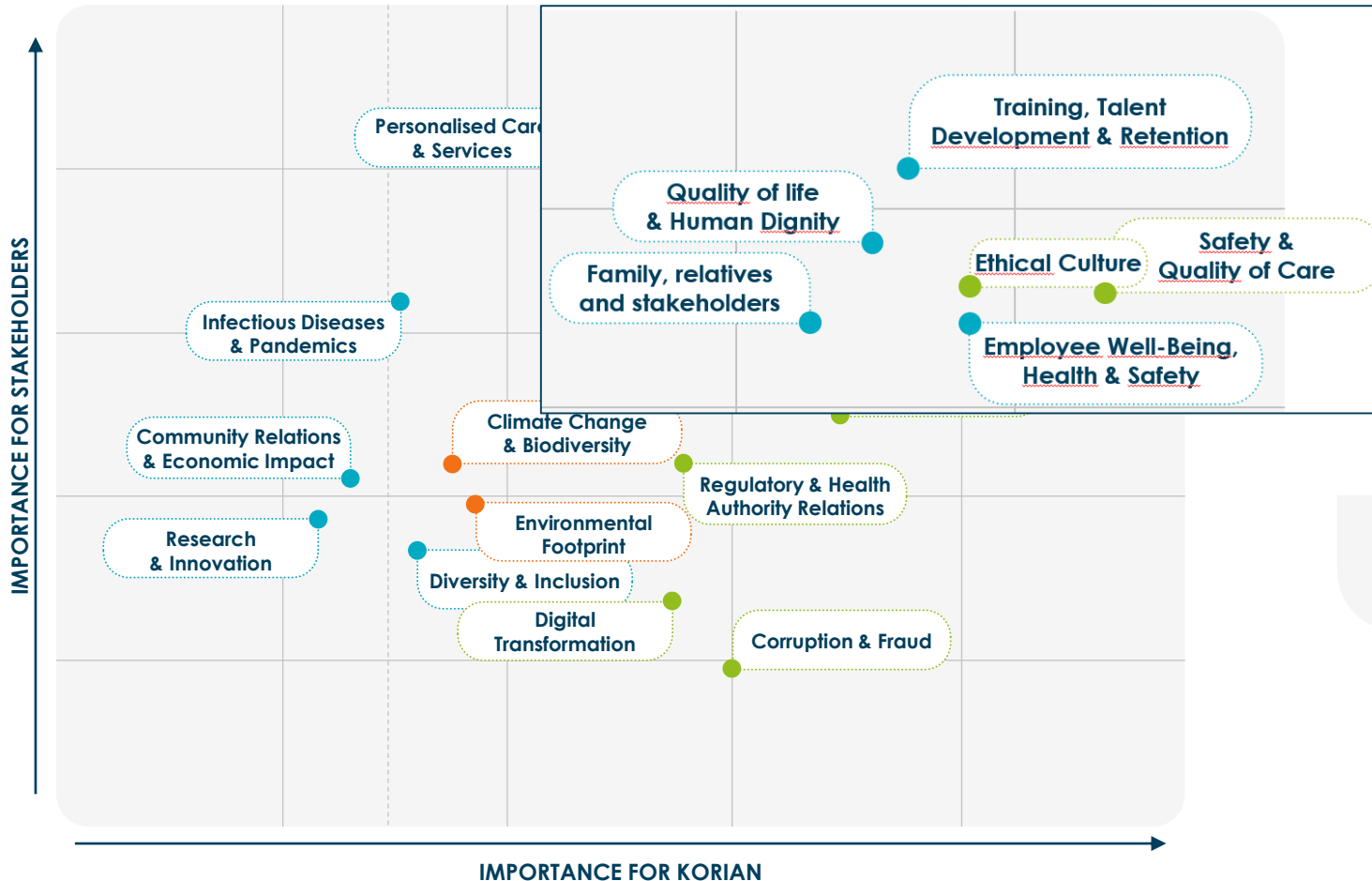
# 15 COMMITMENTS TO BUILD OUR ESG STRATEGY



\* The new entity training programme was postponed until 2021 due to Covid-19

\*\* Focus: 3 countries: France, Belgium and Italy

# LISTENING TO OUR KEY STAKEHOLDERS

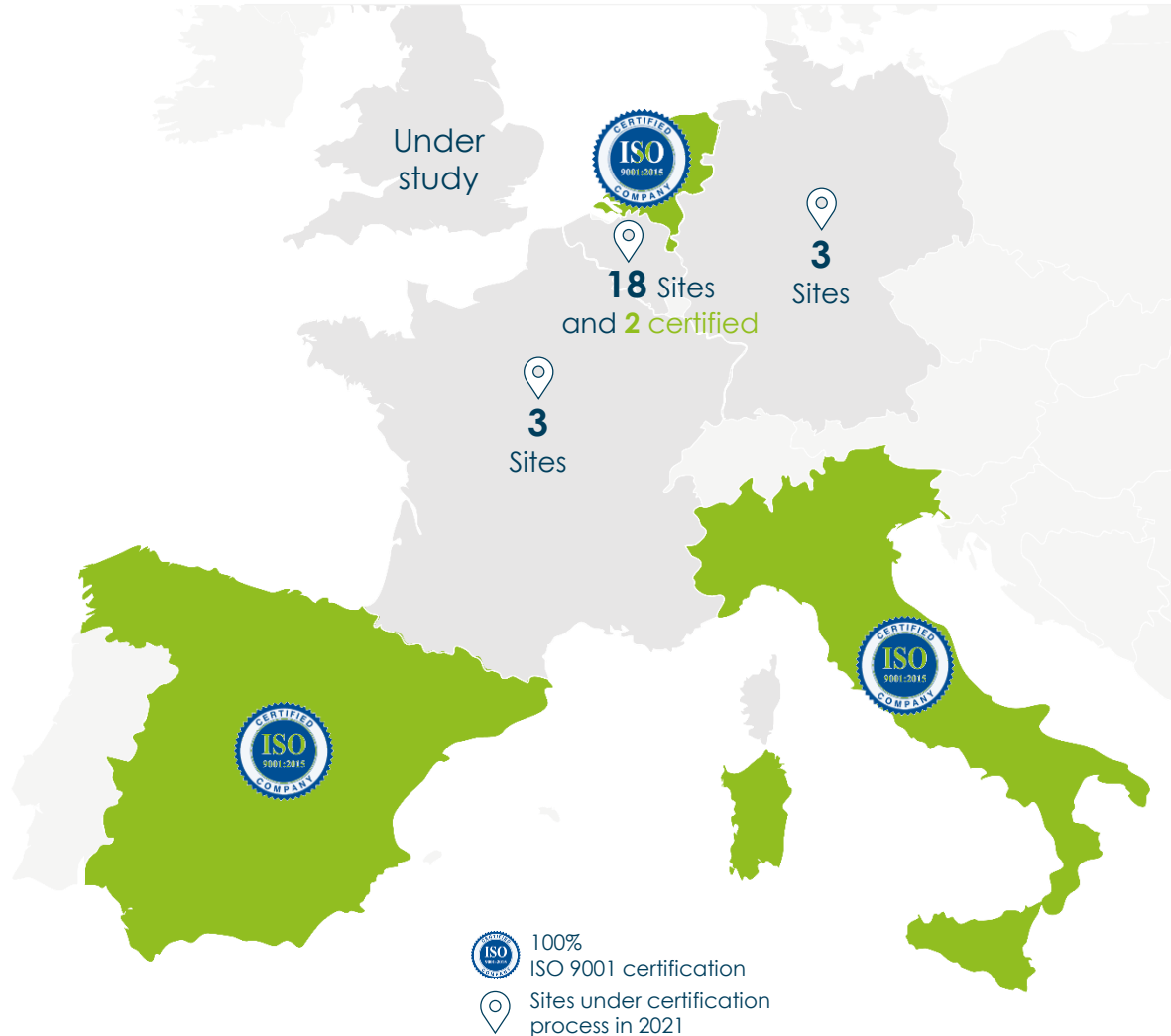


- 1 Provide **CARE EXCELLENCE** whilst ensuring **DIGNITY** and **CHOICE** for all
- 2 Be the **EMPLOYER** of choice

18 material ESG challenges classified in 3 categories

- Environment
- Social/Societal
- Governance

# ISO 9001 CERTIFICATION



\* HAS (France) / MDK (Germany)

**12.1% of site  
ISO 9001 certified**  
(June 2021)

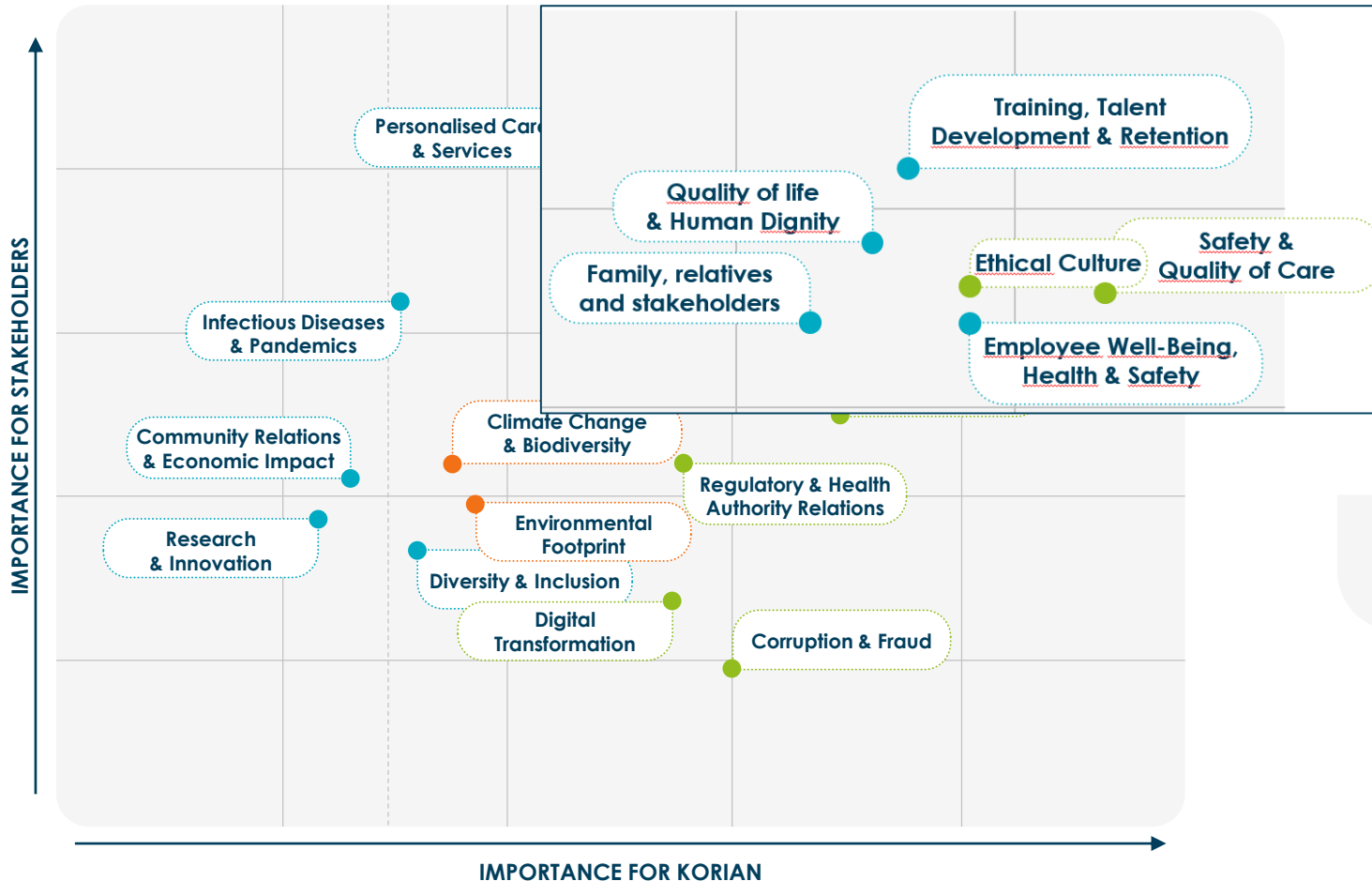
**OBJECTIVE 2021**  
**15%**

**BY 2023**  
**100%**  
**OF THE NETWORK  
ISO 9001 CERTIFIED**

  
**CERTIFICATION  
NATIONAL HEALTH  
AUTHORITIES\***  
**99%**  
**NETWORK**  
**A/B**  
**SCORE**



# LISTENING TO OUR KEY STAKEHOLDERS



- 1 Provide **CARE EXCELLENCE** whilst ensuring **DIGNITY** and **CHOICE** for all
- 2 Be the **EMPLOYER** of choice

18 material ESG challenges classified in 3 categories

- Environment
- Social/Societal
- Governance

# ESG ALIGNED WITH UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

## MAIN PILLARS OF OUR ESG STRATEGY

- 1 Provide **CARE EXCELLENCE** whilst ensuring **DIGNITY** and **CHOICE**
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5 Reduce our **ENVIRONMENTAL FOOTPRINT**



\* ESG: Environmental – Social/Societal - Governance



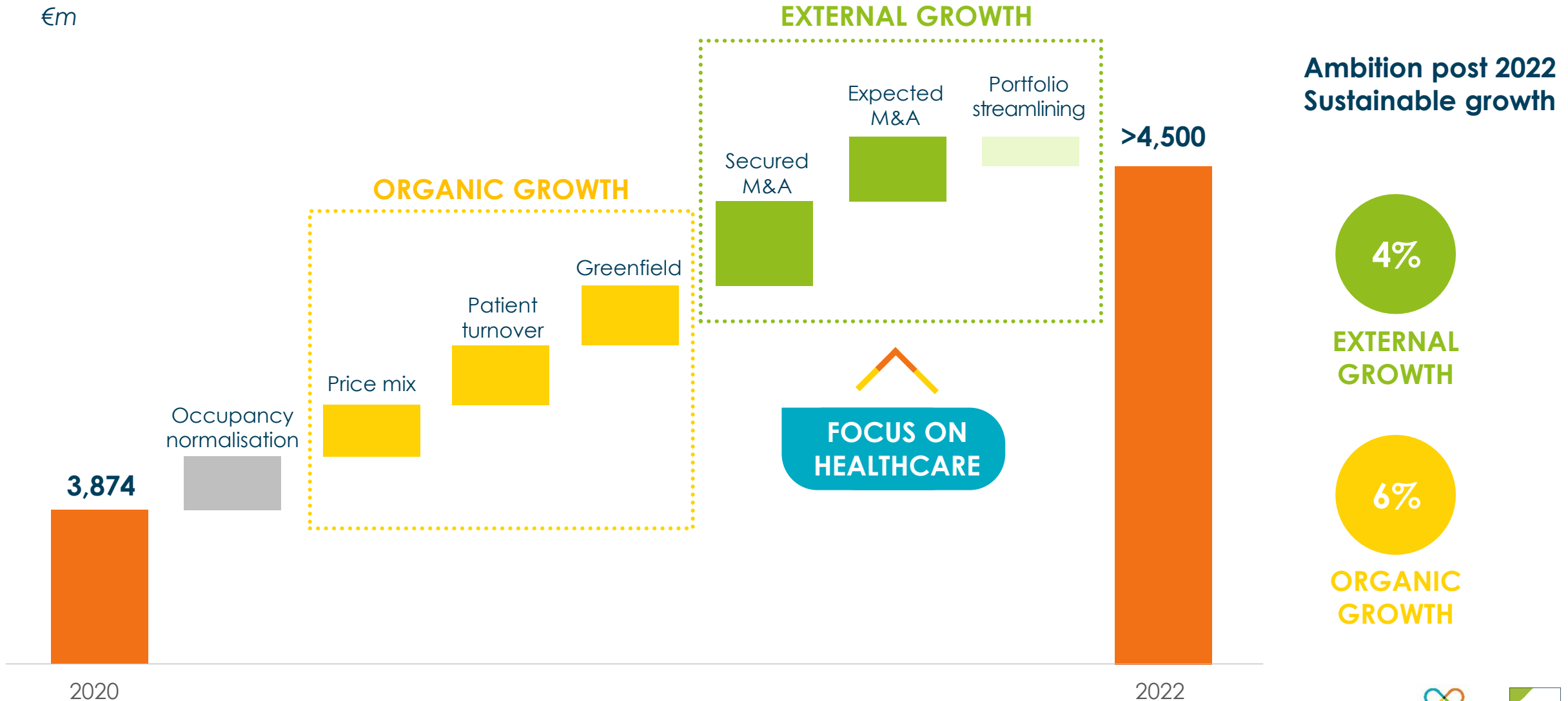
# 2.

## **GROWTH AND MARGIN DRIVERS**

**Mr. Philippe Garin**  
**Chief Financial Officer**

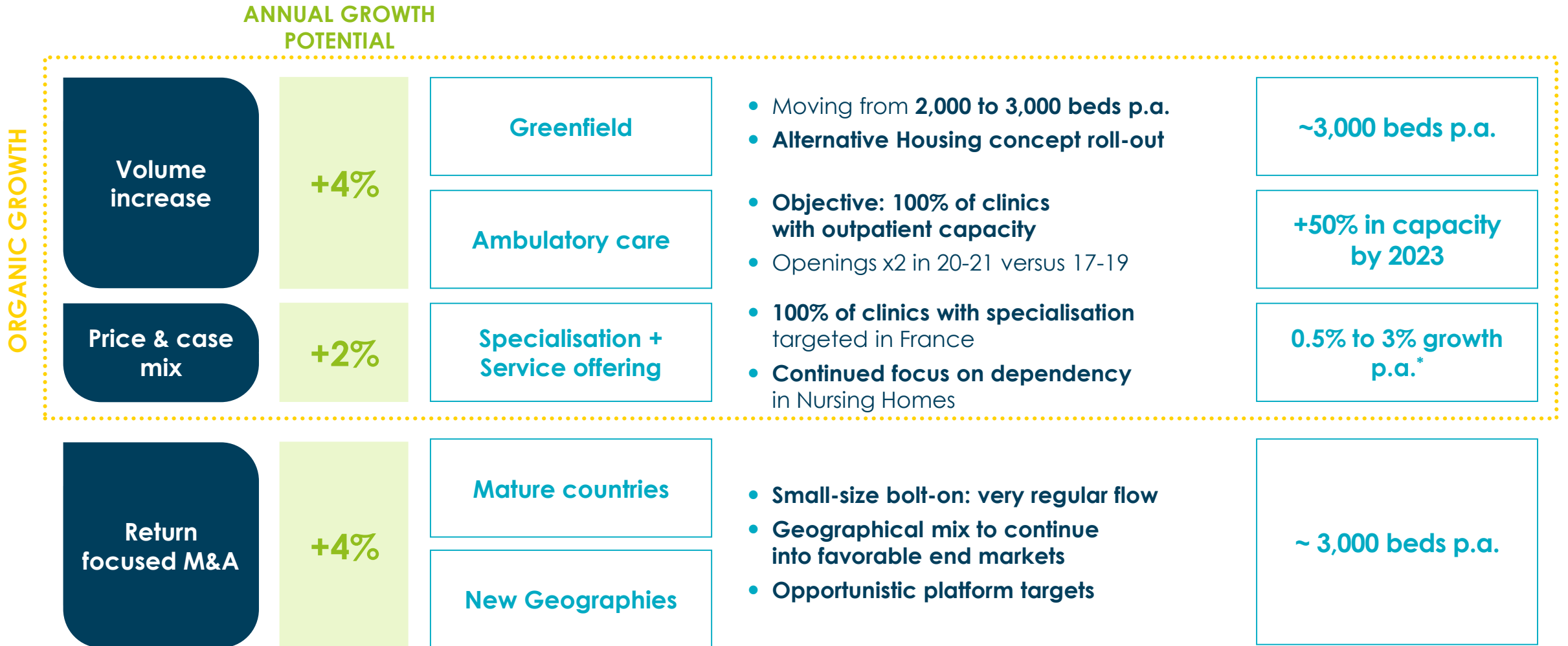
# A STRONG VISIBILITY ON REVENUE GROWTH IN 2022

€m



Indicative proportions

# SUSTAINABLE GROWTH WITH CLEAR DRIVERS



\* Depending on business and country

# A CLEAR PATHWAY TO OUR 2022 MARGIN GUIDANCE

## 2020-2022 POST-RENT MARGIN UPLIFT

### OCCUPANCY NORMALISATION

Absorption of fixed costs

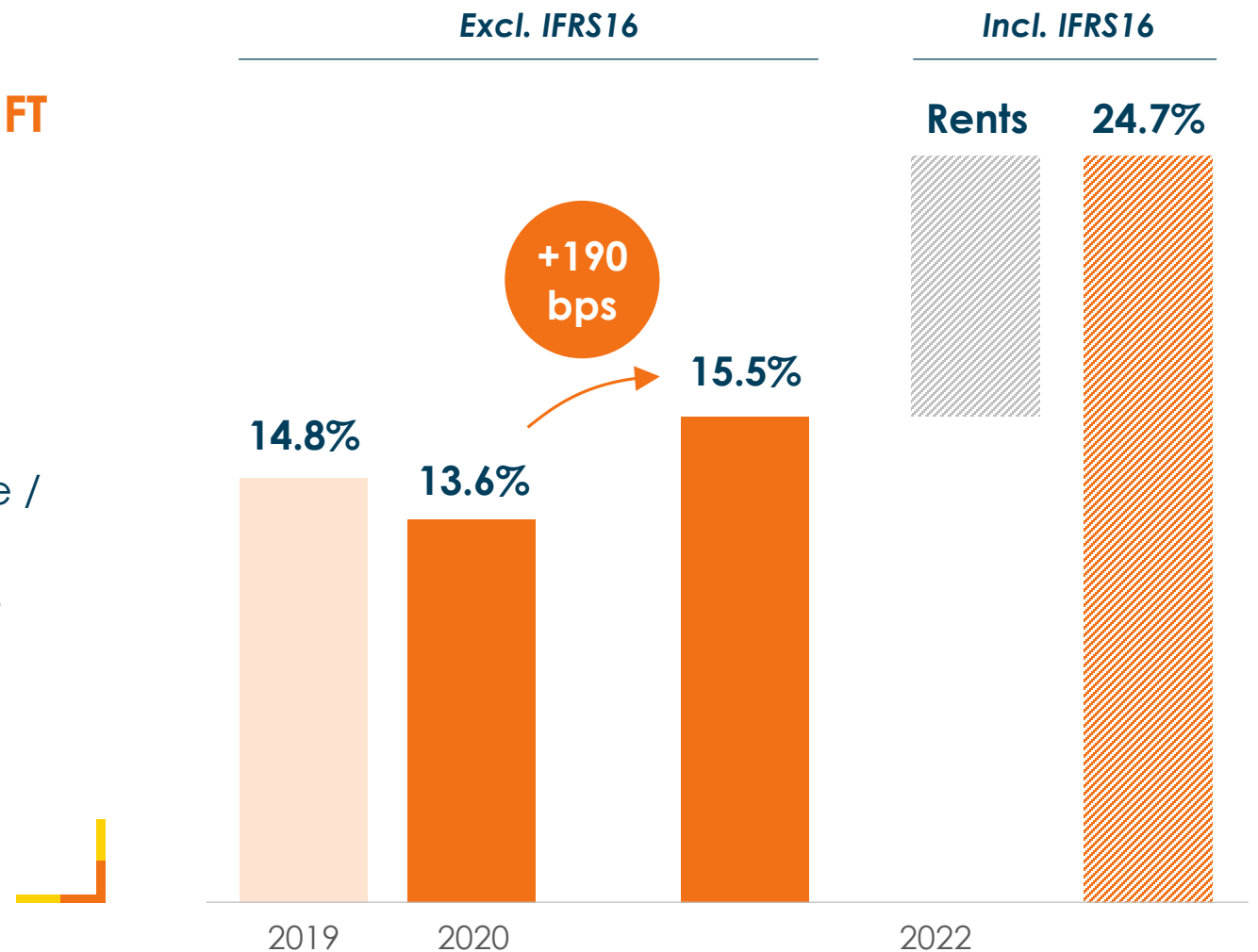
### BUSINESS MIX

Ambulatory: Leverage existing infrastructure / cost base

Selective M&A: Adding margin-accretive activity to the network

### REAL ESTATE

Increase of Real Estate ownership rate



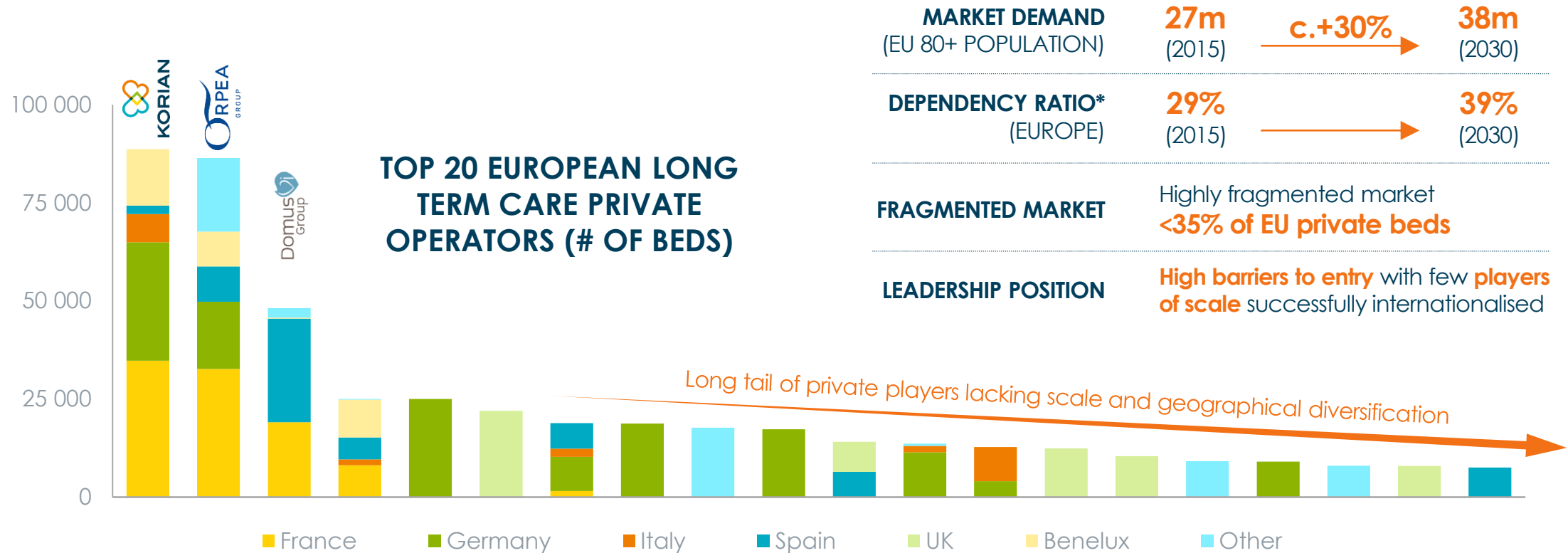


3.

## GROWTH AT SCALE



# KORIAN ONE OF FEW SCALED PROVIDERS UNIQUELY POSITIONED TO CAPTURE MARKET GROWTH



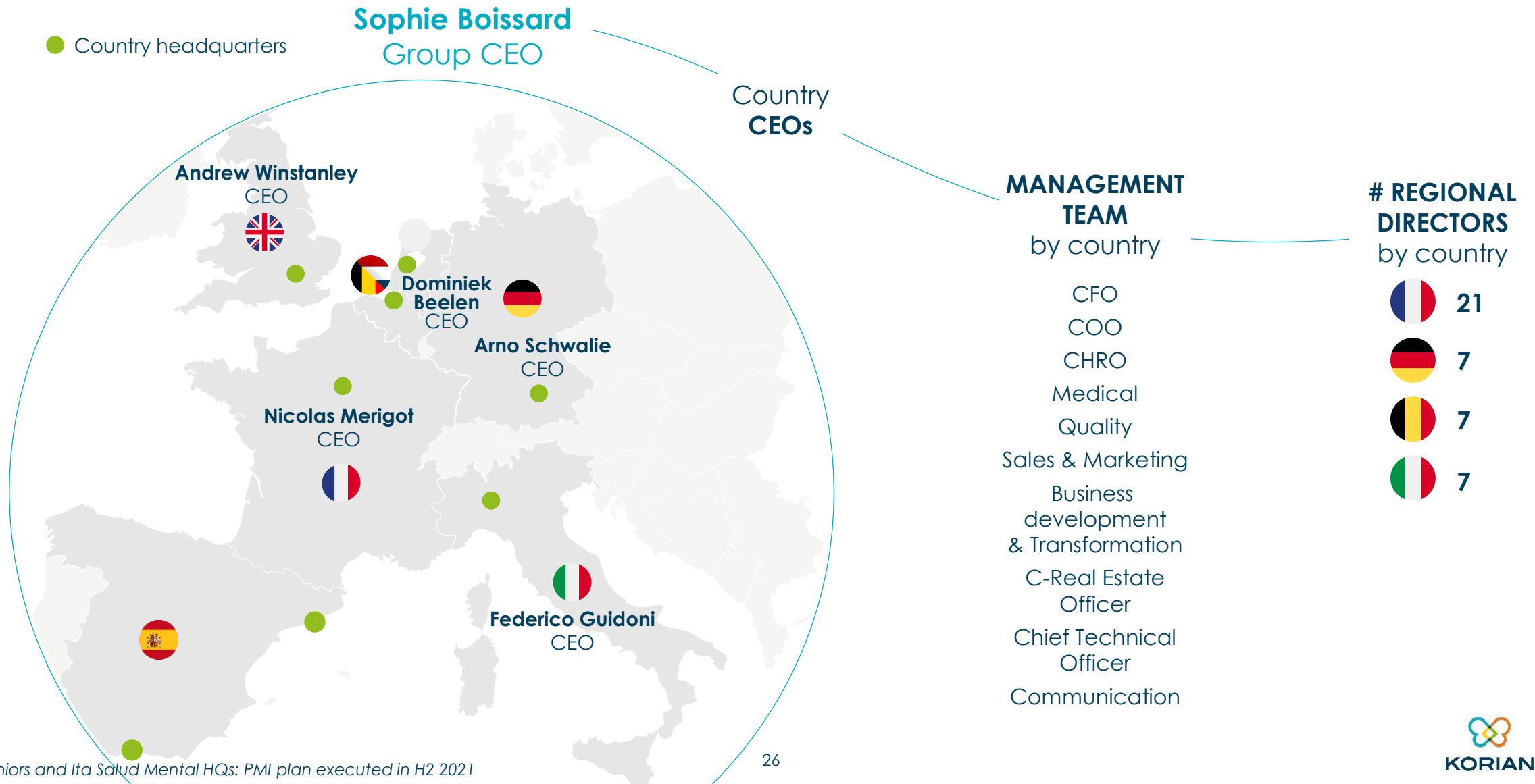
**Market at an inflection point for rapidly accelerated growth through to 2030 with Korian primed to benefit from its competitive positioning**

Source: Eurostat

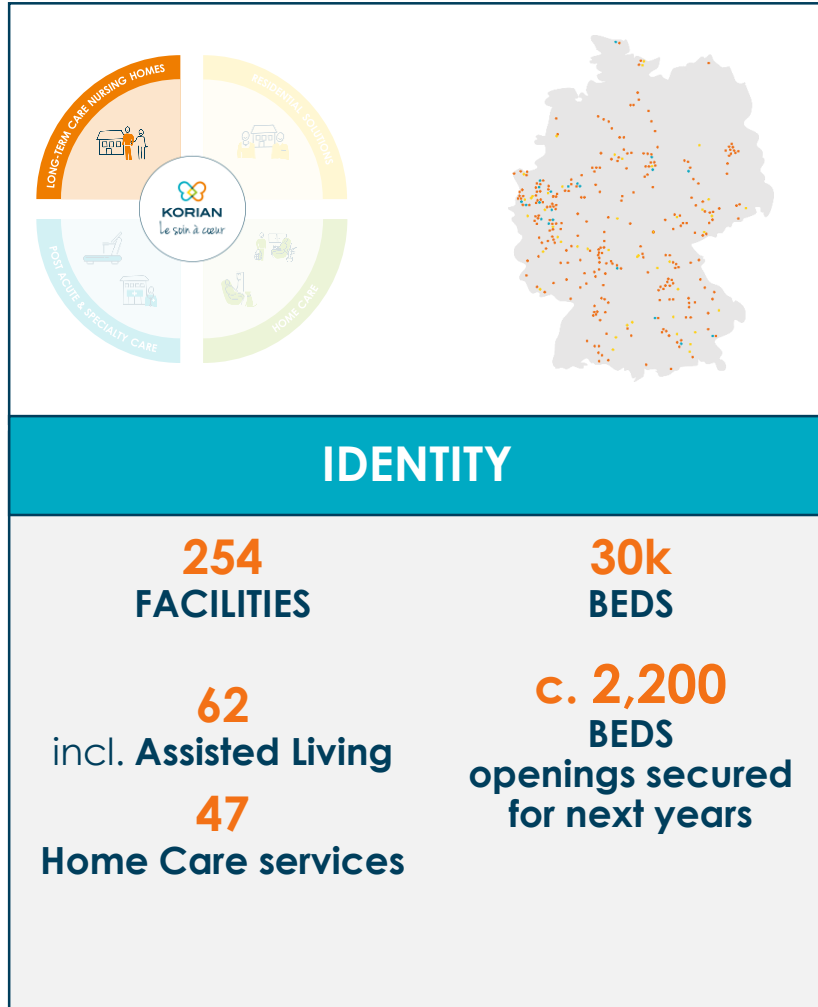
\* Dependency ratio defined as number of dependents (aged 0 – 14 and 65+) to the total working-age population (aged 15 – 65)

# DECENTRALISED TEAMS ROLLING OUT GROWTH AT SCALE

Well protected in a changing environment



# CASE STUDY - GERMANY LONG-TERM CARE PLATFORM



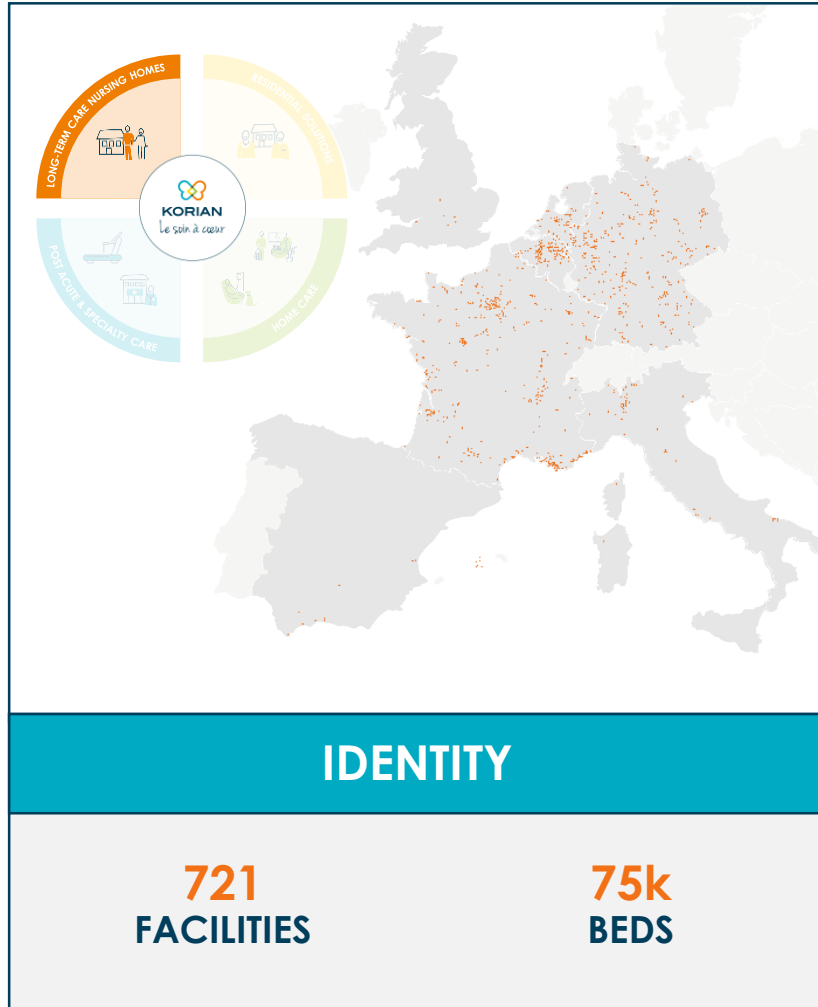
- **#1 network** in the largest European market
- **Increasing demand on the back of demographic pressure**  
**21.5%** of 65+ → from **18m** (2020) to **21m** (2030)
- **Successful Buy & Build approach:**
  - 3 major acquisitions
  - strong greenfield pipeline
  - offering enrichment (e.g. community care)

## CONTINUOUS PERFORMANCE IMPROVEMENT THANKS TO TOPLINE AND COST SYNERGIES

**6%**  
**ORGANIC GROWTH**  
2016-2020

**26.7%**  
**EBITDAR** in 2020  
+170bps vs 2017

# KORIAN LONG-TERM CARE NETWORK TRANSFORMING TO MEET OUR MARKETS' NEEDS



## ACTIVELY STREAMLINING OUR NURSING HOMES PORTFOLIO TO BETTER FIT THE NEEDS OF PATIENTS AND RELATIVES

### INVESTMENTS FOCUS

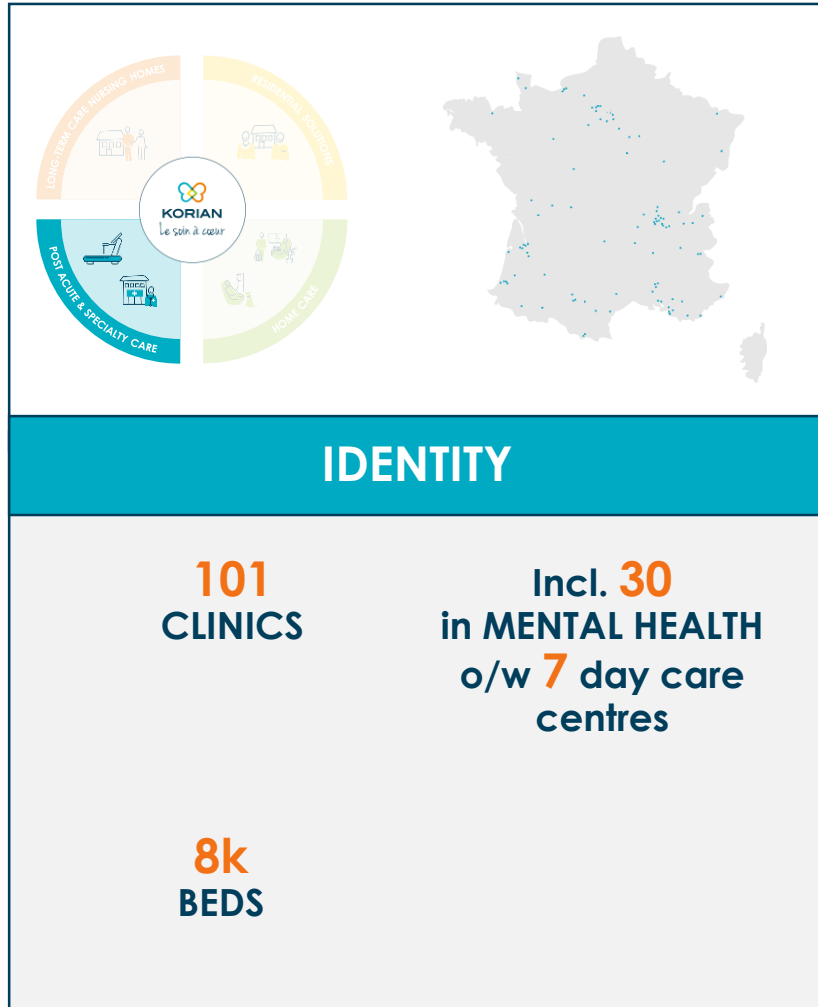
- People and training
- Medical expertise and equipment
- Quality of premises
- Digital technologies

### TRANSFORMATION WELL UNDERWAY

**40%** of the network to be reshuffled until 2024  
o/w **15%** already done since 2017

Network performance enhancement

# CASE STUDY - FRANCE HEALTHCARE NETWORK



## OPTIMISATION OF THE NETWORK PROGRESSING RAPIDLY, WITH A FOCUS ON SPECIALISATION AND OUTPATIENT DEVELOPMENT

### SPECIALTY AND POST-ACUTE

To address increasingly specialised needs of patients suffering from chronic diseases

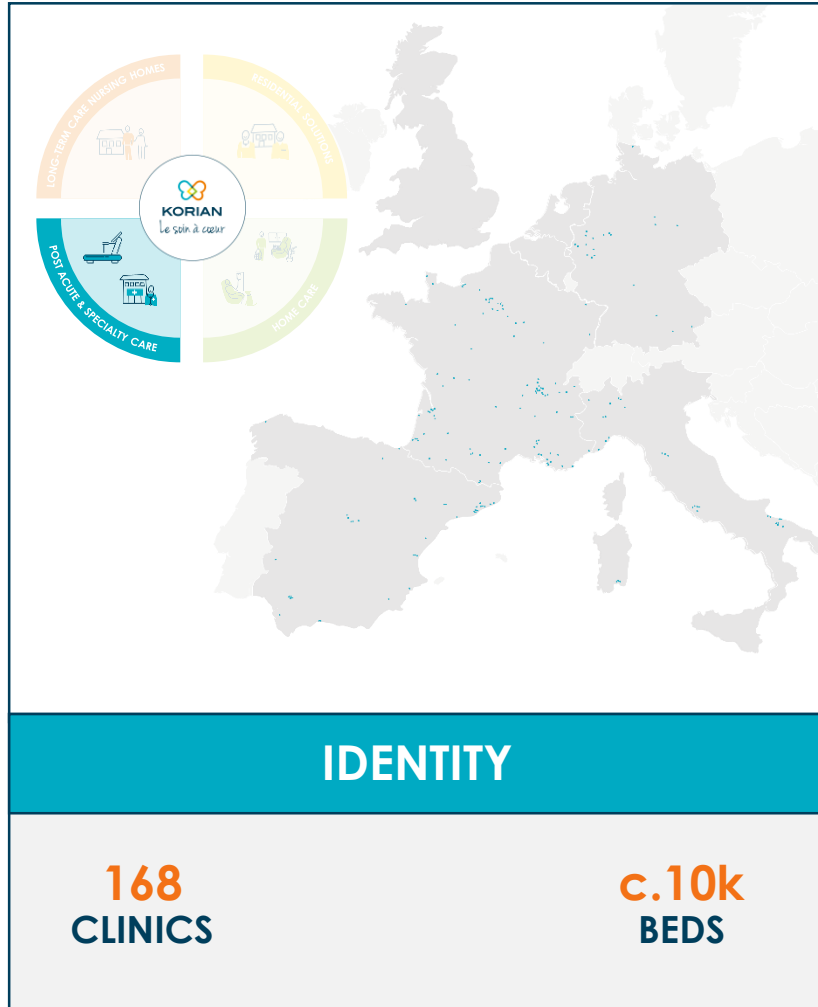
**Speciality**  
Geriatrics, Neurology,  
Cardiology, Food disorder,  
Respiratory care  
and musculoskeletal system

### OUTPATIENT & PRIMARY CARE DEVELOPMENT

To extend our patient reach, based on existing infrastructure

**Outpatient capacity**  
from c.30,000 sessions per  
month to >50,000 by 2023  
incl. Mental Health

# KORIAN GROUP HEALTHCARE BUSINESS SEGMENT



101 Clinics

**Outpatient:**  
**70%**

of our clinics equipped

**Rehabilitation**

**Specialty care:**

**c.65%**

of clinics equipped

Focus on Geriatrics,  
Neurology, Cardiology, Food  
disorder and Respiratory care

Mental Health: #3 private  
player



28 Clinics

**Outpatient:**  
**100%**

of our clinics equipped

**Rehabilitation**

**Specialty care:**

Focus on Ophthalmology  
and Orthophony



39 Clinics

**Outpatient:**  
**50%**

of our clinics equipped

**Mental Health network:**  
**Ita Salud Mental**

**Since May 2021**




**Key growth driver**  
**Accretive to post-rent margin**

# REAL ESTATE


# REAL ESTATE KEY TO SCALING CAPACITY & GROWTH

**1** **INDUSTRIALISING OUR CONCEPTS**

**GERIATRIC PLATFORM** **SPECIALISED CLINICS**




Shoezelen Area  
Monceau Paris - France



Physiotherapy room  
Monceau Paris - France

**CARE COMMUNITIES**



**WITH BIM\*, MODULAR & ECO-SUSTAINABLE DESIGN**

**2** **STEERING OUR DEVELOPMENT**

- Develop Korian concepts
- Roll out Korian concepts at scale
- Accompany significant market shifts and needs for medicalisation & adapted environments
- Adapt buildings to the needs of teams & residents & patients

**3** **PARTICIPATING IN THE VALUE CREATION**

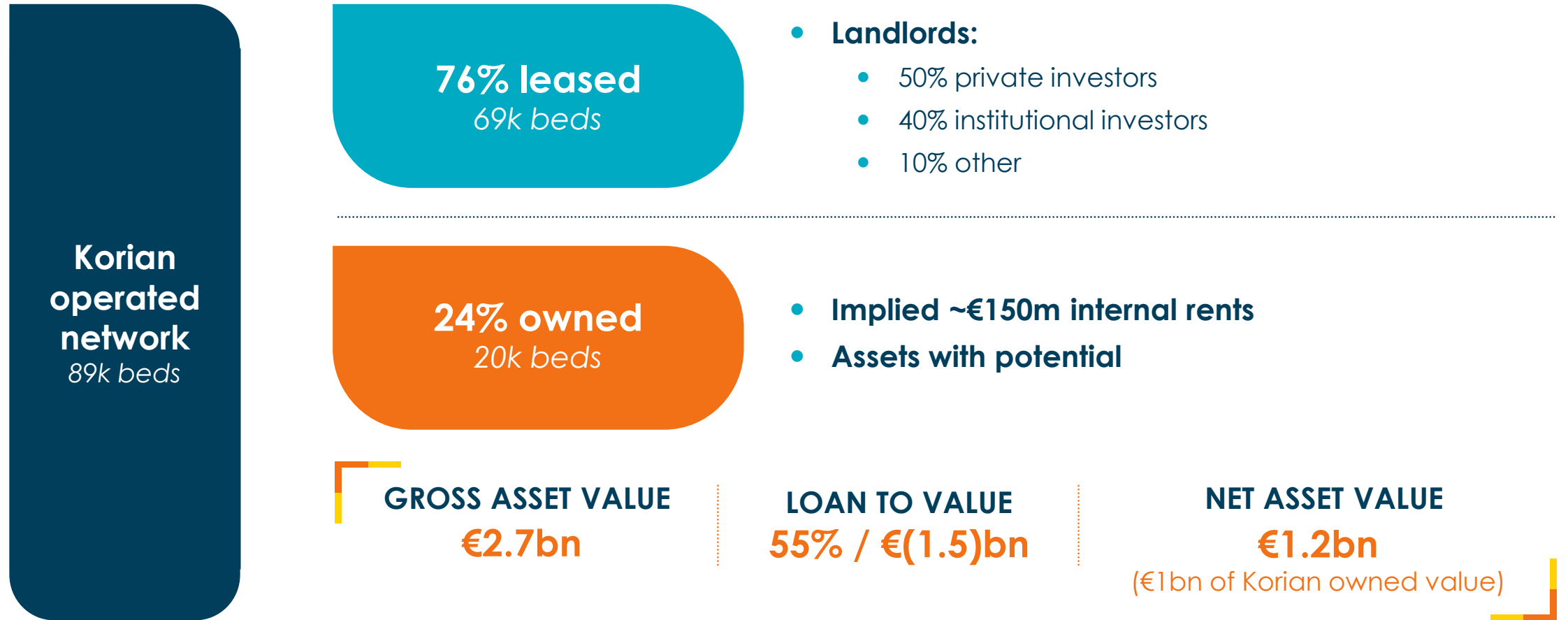
**HIGH POTENTIAL SITES TO OWN:**

To be able to evolve with growing needs  
&  
To capture value created from the adapted & optimised approach

\* BIM: Building Information Modeling



# KORIAN REAL ESTATE OWNERSHIP STRUCTURE TODAY



# REAL ESTATE SERVING OUR OPERATIONAL GROWTH AMBITIONS

Leveraging on the c.€1bn equity already invested in our portfolio

## CURRENT PORTFOLIO CAPITAL STRUCTURE



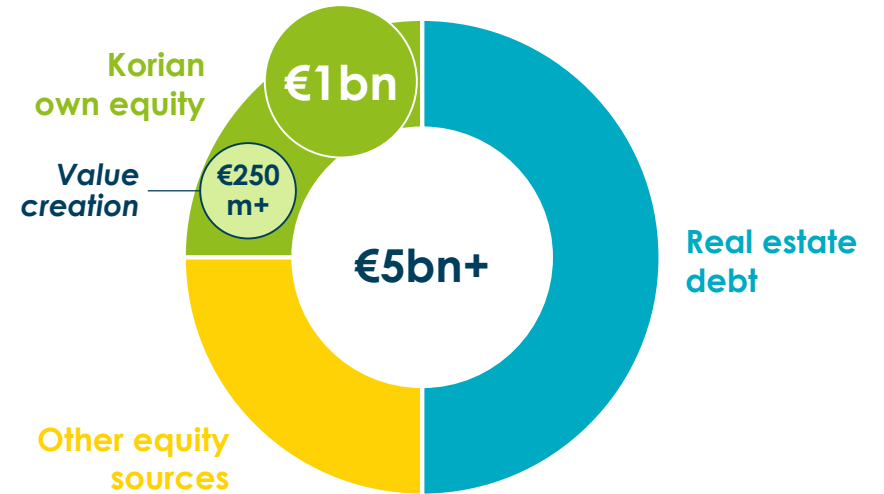
>

Leveraging Korian's c.€1bn equity

€4bn

2023

## POTENTIAL WITH NO NEW EQUITY FROM KORIAN



### Capture real estate value upside:




- Delivery of Greenfields / Extensions / Renovation
- Improved asset management = higher property value
- Estimate >10% value creation on assets brought under Korian ownership

Trigger for valuation upside Korian PropCo

# KORIAN PROPCO – A HIGH QUALITY PORTFOLIO COMPARABLE TO EUROPEAN HEALTHCARE REAL ESTATE PLAYERS

## SELECTED HIGH QUALITY ASSETS

- **Key positions in “prime locations”**, including major urban areas (Paris, Lyon, Toulouse, Marseille, Bordeaux, Düsseldorf, Bremen, Roma, Firenze)
- **New buildings exclusively on High Environmental Quality**
- High quality real estate **attractive to investors**

	GROSS ASSET VALUE	INVESTMENTS 2020	LTV	NET INITIAL YIELD	HEALTHCARE (as % of total portfolio)	MARKET PREMIUM TO NAV***	LOOK THROUGH MARKET YIELD****
	€2.7bn	€560m	55%	5.2%	100%	-	-
	€3.8bn	€591m	46%	5.2%**	100%	+77%	3.5%
	€2.9bn	€579m	46%*	5.4%**	59%	+29%	4.7%*

Note: Data from 2020 annual reports; Market data as on 22-Jun-2021

\* At group level

\*\* EPRA Net Initial Yield for the healthcare portfolio

\*\*\* Market premium over last 2020 EPRA NAV (NTA)

\*\*\*\* Net Initial Yield adjusted from market premium on Gross Asset Value



4.

## A CASH GENERATIVE AND SELF-FUNDED MODEL

Philippe GARIN

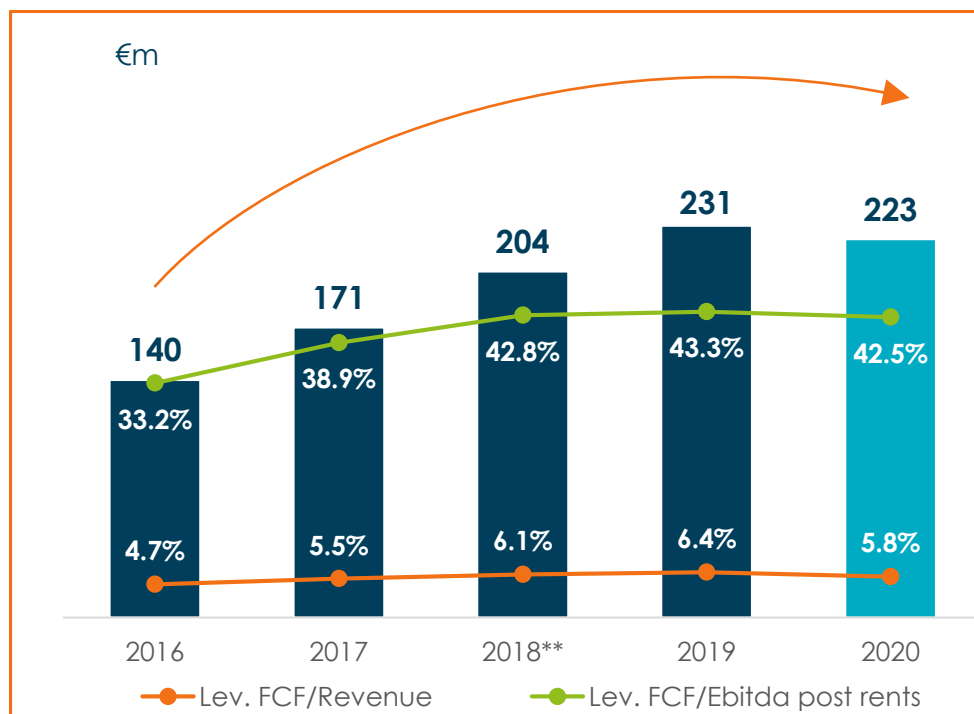
# HIGH CASH FLOW GENERATION

# A STRONG AND REGULAR CASH FLOW GENERATION

>4.5BN REVENUE  
15.5% EBITDA MARGIN  
POST RENT 2022 GUIDANCE

FCF\*  
€300M

## AN INCREASING CASH CONVERSION, RESILIENT IN 2020



## APPROACHING CASH FLOW

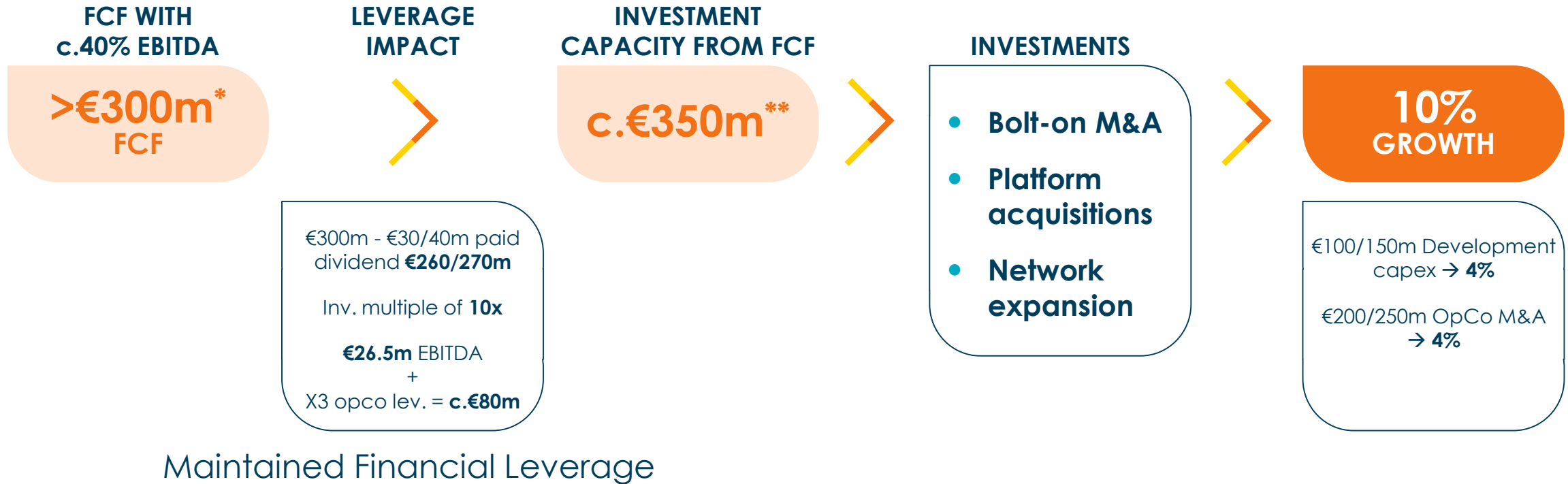
€m (excluding IFRS 16)	2019	2020
<b>EBITDA</b>	<b>535</b>	<b>525</b>
Non cash, non current & tax paid	(98)	(113)
Change in WCR	6	12
<b>Unlevered CF before Capex</b>	<b>444</b>	<b>424</b>
Financial expenses paid	(114)	(114)
Operating Capex	(99)	(87)
<b>Levered Free Cash Flow (FCF)</b>	<b>231</b>	<b>223</b>
Margin	6.4%	5.8%

After all cash outflow necessary to the business continuity – before growth capex

\* Levered FCF post taxes, financial interests, Operating Capex and before growth capex

\*\* 2018 FCF restated

# FCF FUNDING OUR HIGH GROWTH



**10% SELF-FINANCED GROWTH**

\* Levered FCF post taxes and financial interests and Operating Capex, and before growth capex.

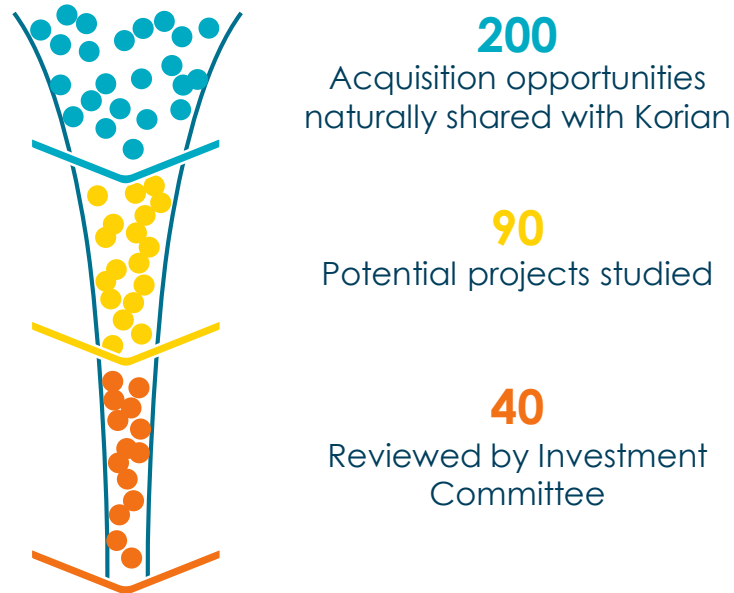
\*\* After leveraging EBITDA generated by M&A and dividend payment.

# M&A VALUE CREATION



# M&A POLICY – STRINGENT INVESTMENT CRITERIA

## A HIGH NUMBER OF OPPORTUNITIES EACH YEAR



**~20**  
acquisitions completed p.a.

**20** in 2019 | **19** in 2020

## STRINGENT SELECTION

### 1 STRATEGIC CRITERIA

- Care quality and CSR
- Reinforcement of clusters
- Diversification

### 2 FINANCIAL CRITERIA

- Opco ROCE year 3 > WACC
- Year 1 organic growth

### 3 EXECUTION CRITERIA

- Commitment to quality of care
- Maturity of existing teams

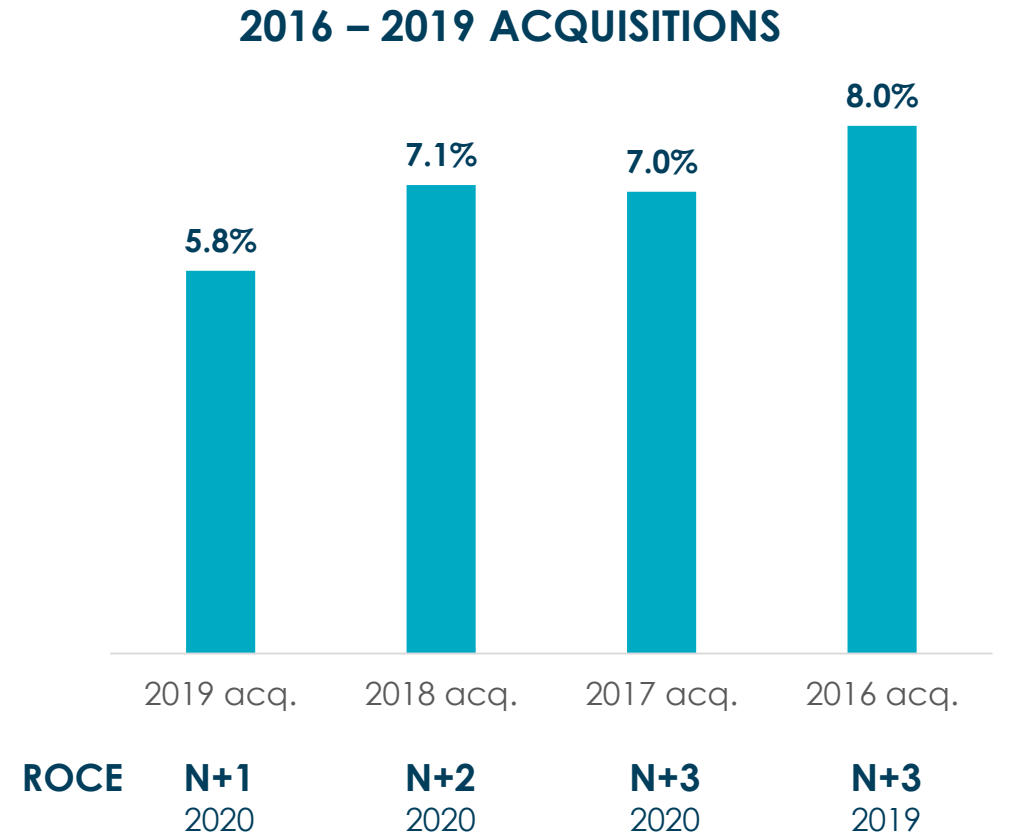
# SELECTIVE BOLT-ON M&A CREATING VALUE

M&A criteria and policy driven by returns

## BOLT-ON ACQUISITIONS WITH LOW OPCO EBITDA MULTIPLES



## A PROVEN CAPACITY TO DELIVER VALUE ON BOLT-ONS



\* Pre IFRS 16 EBITDA N+1 multiples

# PROVEN CAPACITY TO DELIVER ON SYNERGIES

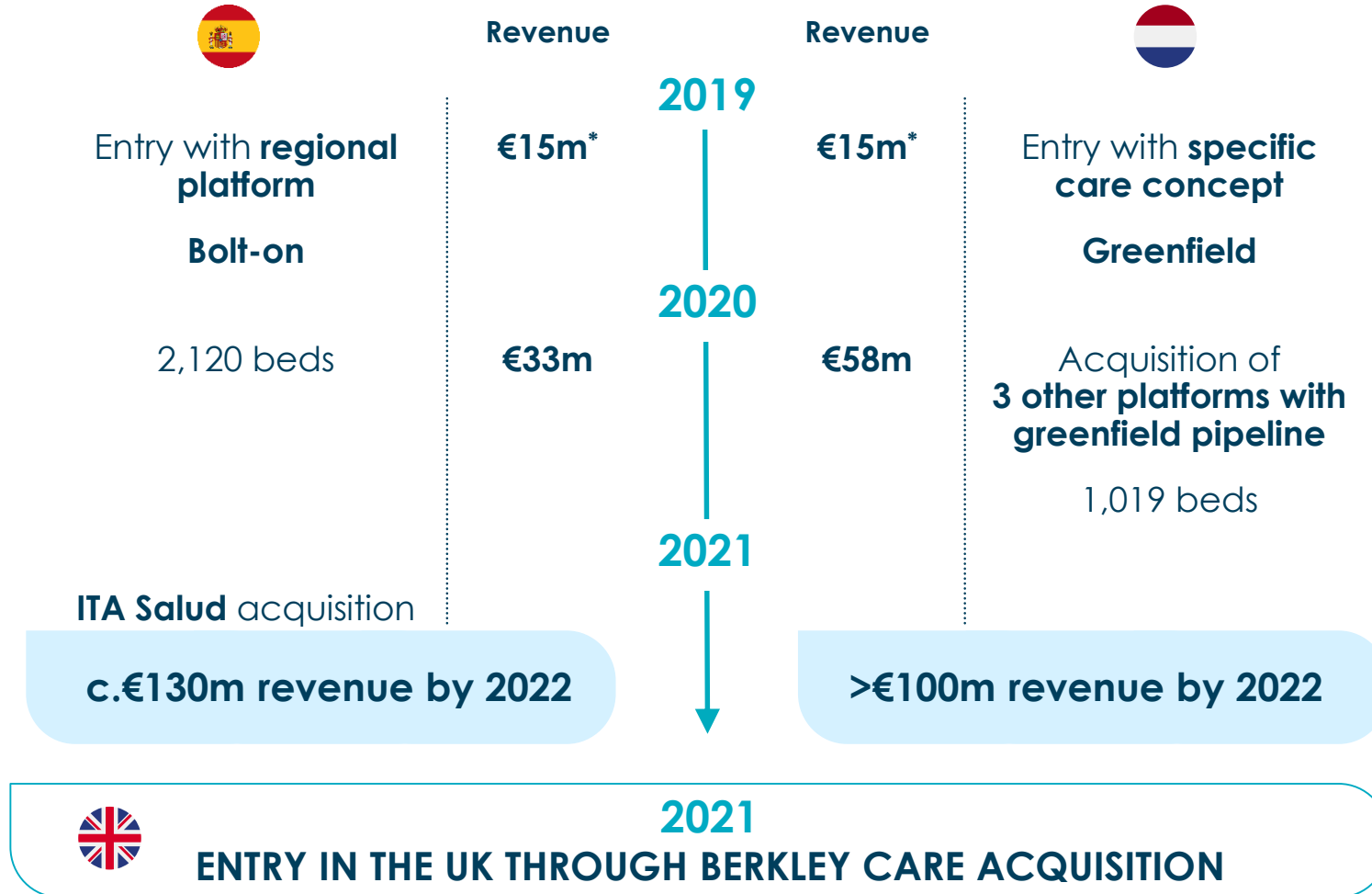
**VERY LOW LEVEL OF  
UNCERTAINTY ON SYNERGIES**



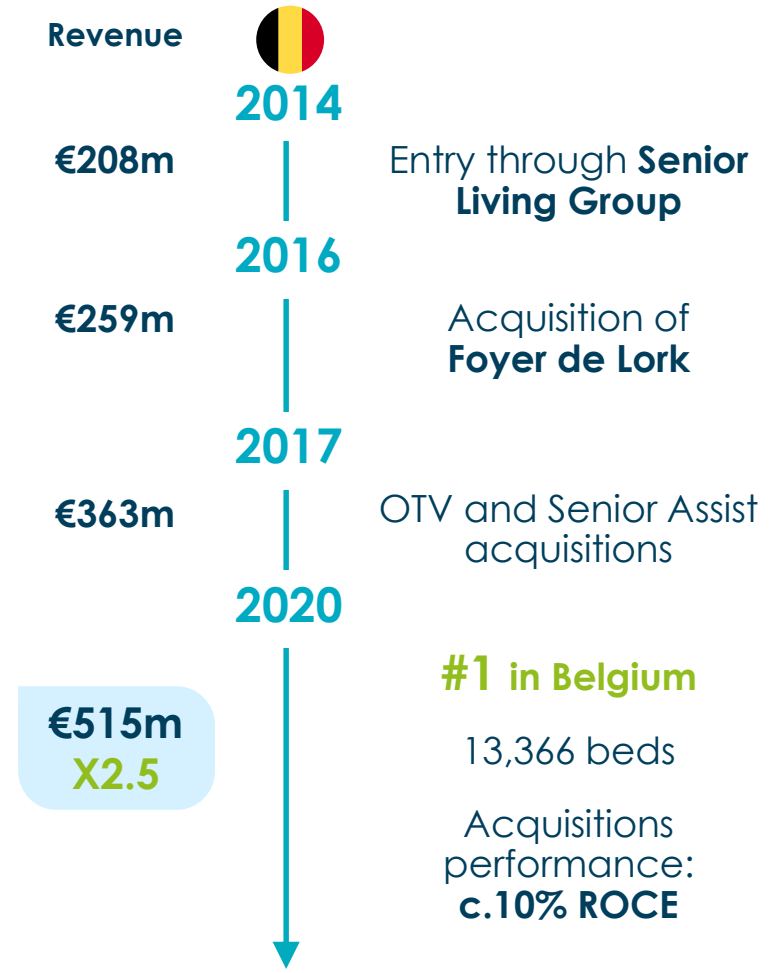
TYPICAL CASE	% REVENUE	FEB 2020	DEC 2020	JUNE 2021
<b>PURCHASE</b> Pre-negotiated conditions	1-2%			
<b>STRUCTURE</b> Reorganisation, incl. HQ and business units	2-3%			
<b>EMBEDDED GROWTH</b> Launched projects only (day care unit, extensions)	1-2%	Additional synergies (not in multiple): diffusion of respiratory specialisation		
<b>OTHER TOP-LINE SYNERGIES</b> Not considered in price assessment		<ul style="list-style-type: none"> <li>• Cross-selling synergies related to new expertise and new activities (concept roll-out)</li> <li>• Synergies related to Cluster strategy</li> </ul>		

# TRACK RECORD OF SCALING NEW COUNTRIES THROUGH BOLT ON & GREENFIELD

## RECENT ENTRIES



## FOLLOWING BELGIUM EXAMPLE



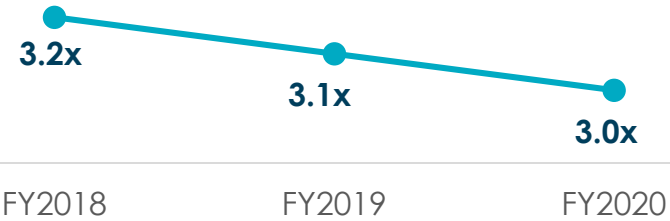
\* Annual revenue of entry acquisition

# **FORTRESS BALANCE SHEET**

# A SOLID FINANCIAL STRUCTURE

## LOW OPCO LEVERAGE

LEVERAGE RATIO (excluding real estate debt)



COVENANT  
4.5x

OBJECTIVE  
≤ 3.5x

## PRUDENT LTV

€2,668m  
Portfolio value

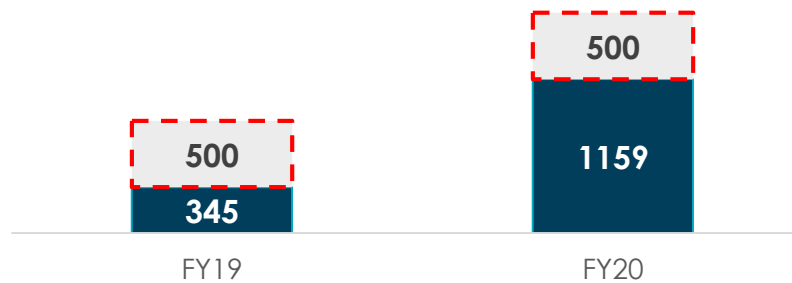


c.€1.2bn  
NET VALUE

55%  
LTV

## HIGH LIQUIDITY

RCF\*  
Cash



> €1.6Bn  
LIQUIDITY

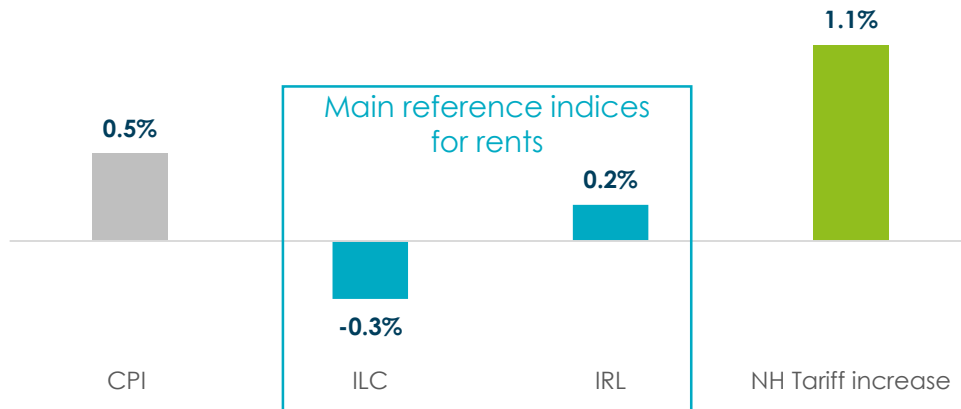
\* Undrawn Revolving Cash Facility

# WELL PROTECTED IN A CHANGING ENVIRONMENT

## WELL INSULATED FROM INFLATION

- **Structural salary increases** passed into tariffs
- Rent agreements include **protection mechanisms**
- **Rent costs covered by tariff increases**, with clear pass through system in a number of countries (ex Germany, full pass-through)

### FRANCE EXAMPLE - 2020



## INTEREST RATE WELL MANAGED

- **72%** of net debt is fixed rate
- Net debt **100%** hedged
- Average debt maturities 2022-25 = **c.€450m**
- Agile & efficient hedging  
= **limited future impacts**

**M&A:** increase of interest rates would have a favorable impact on significant transaction valuations

